

## Message Text

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11

ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

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AGR-05 OES-03 /081 W

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R 261524Z MAR 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 2938

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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E.O. 11652: NA

TAGS: ECRE EGEN EINV EG

SUBJECT: FIVE YEAR PLAN: PRELIMINARY VIEWS

1. IN AN INTERVIEW PUBLISHED MARCH 22, MINISTER OF PLANNING ABDULLAH PROVIDED FIRST PUBLIC INFORMATION OF GENERAL THINKING GOING INTO FIVE YEAR (1976-80) PLAN.

2. OUTSTANDING FACET OF PRESENTATION WAS FIGURE OF LE 8 TO 10 BILLION REQUIRED FOR SOCIAL AND ECONOMIC INVESTMENTS DURING THE PERIOD. ON SOCIAL ASPECTS OF PLAN, ABDULLAH SAID A "REASONABLE SHARE" OF INVESTMENTS WOULD BE DIRECTED TOWARDS THE BASIC NEEDS OF THE PEOPLE IN HEALTH, EDUCATION, CULTURE, RELIGIOUS AFFAIRS AND INFORMATION.

3. ON ECONOMIC SIDE, HE SAID MAIN OBJECTIVE IS TO INCREASE PRODUCTION IN ORDER SECURE BASIC GOODS AND SERVICES FOR MASSES AT PRICES PROPORTIONAL TO THEIR INCOMES. STRATEGY FOR THIS PRUPOSE DEPENDS ON DRASTICALLY CHANGING PRESENT SYSTEM OF WAGES, WHICH DOES NOT ALLOW FOR INCENTIVES IN PRODUCTION, NOR DOES IT TAKE INTO ACCOUNT EFFICIENCY OR INNOVATION, SINCE

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PROMOTION DEPENDS STRICTLY ON SENIORITY. ABDULLAH STATED THAT

WAGES SHOULD BE LINKED TO PRODUCTION AND PRICE LEVELS, BUT HE DID NOT SAY HOW THIS WAS TO BE DONE.

4. WITH RESPECT TO PRIORITIES, ABDULLAH SAID THAT FIRST IS COMPLETING BASIC INFRASTRUCTURE OF ECONOMY: ROADS, AIRPORTS, COMMUNICATIONS, PORTS, ETC. SECOND IS INDUSTRY, WITH EMPHASIS ON PRODUCTION OF INTERMEDIATE GOODS, SUCH AS PETROCHEMICALS FOR FERTILIZERS AND RAW MATERIALS. AGRICULTURE COMES THIRD, DEVELOPMENT IN THIS FIELD TO BE BASED ON LAND RECLAMATION AND SCIENTIFIC STUDIES OF USES TO BE MADE OF THE NEW LANDS, AS WELL AS PROPER IRRIGATION, DRAINAGE, FERTILIZERS, ETC.

5. OTHER IMPORTANT SECTORS COVERED BY THE PLAN ARE TOURISM, DEVELOPMENT OF ENERGY RESOURCES, INCLUDING PETROLEUM. NUCLEAR POWER AND UTILIZATION OF QUATTARA DEPRESSION AS SOURCE OF ELECTRICITY.

6. COMMENT: IN OPERATIONS OF EGYPTIAN ADMINISTRATION, MINISTRY OF PLANNING SERVES MORE AS A COLLATION CENTER RATHER THAN ORIGINATOR OF PLANNING, SINCE EACH MINISTRY WORKS OUT ITS OWN GENERAL OBJECTIVES AND PROGRAMS IN KEEPING WITH WHAT IS UNDERSTOOD TO BE DESIRES OF PRESIDENT AND /OR PRIME MINISTER AND SUBMITS THEM TO ABDULLAH. RECENT CONVERSATIONS WITH MINPLAN FIRST UNDERSECRETARY HOSNI LEFT ME WITH IMPRESSION THAT INITIAL DRAFT OF PLAN WAS SOME WAY OFF, DUE TO DIFFICULTY OF PULLING ALL DISPARATE IDEAS TOGETHER. ABDULLAH MAY THEREFORE BE AIRING HIS OWN VIEWS AS TO HOW PLAN WILL LOOK WHEN PROBLEMS ARE IRONED OUT, BUT SINCE HE EVIDENTLY DID NOT REVEAL TOO MUCH DETAIL, NO ONE CAN BE SURE.

7. FIGURE OF LE 8 TO 10 BILLION FOR INVESTMENT MAKES IT APPEAR THAT GOE HAS ONCE AGAIN MERELY ADDED UP SUMS EACH MINISTRY THINKS IT WILL WANT DURING PERIOD IN QUESTION, SINCE INVESTMENTS OF THAT MAGNITUDE ARE CLEARLY FAR BEYOND EGYPT'S CAPACITY UNDER ANYTHING RESEMBLING PRESENT CIRCUMSTANCES.  
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